

Message Text

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ACTION L-03

INFO OCT-01 ISO-00 EUR-12 SCS-06 SSO-00 /022 W
-----055274 271224Z /11
O 271209Z JAN 78
FM AMEMBASSY BONN
TO SECSTATE WASHDC IMMEDIATE 5273
USMISSION USBERLIN PRIORITY

LIMITED OFFICIAL USE SECTION 01 OF 02 BONN 01596

STADIS////////////////////////////////////

DEPARTMENT FOR L/M BURMAN AND EUR/CE CHESTER

E. O. 11652: N/A
TAGS: EGEN, AFSP, AREC, AINF, WB, GW
SUBJECT: IRS BONN SUBMISSION TO STARS AND STRIPES
NEWSPAPER; TAX STATUS OF U.S. CITIZENS AND
RESIDENT ALIENS EMPLOYED IN WEST GERMANY AND
WEST BERLIN.

1. IRS REPRESENTATIVE SPENCER SENT THE FOLLOWING TELE-
GRAM ON JANUARY 26, 1978 TO THE EDITOR OF STARS AND
STRIPES GERMANY FOR PUBLICATION. THE MESSAGE WAS NOT
CLEARED WITH AMERICAN EMBASSY BONN.

2. QUOTE. FROM: WALLACE J. SPENCER, REVENUE SERVICE
REPRESENTATIVE AMERICAN EMBASSY, BONN.
TO: MR. PROCTOR, EDITOR - STARS AND STRIPES

UNFORTUNATELY, MANY AMERICAN CITIZENS WORKING OVERSEAS
DO NOT UNDERSTAND THEIR OBLIGATION TO FILE TAX RETURNS
WITH RESPECT TO INCOME EARNED OVERSEAS. AN UNDERSTAND-
ING OF THE FOLLOWING POINTS WOULD ASSIST MANY U.S.
CITIZENS IN PROPERLY DISCHARGING THEIR U.S. TAX OBLIGA-
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TIONS:

(1) THE GROSS INCOME LEVEL AT WHICH A U.S. CITIZEN OR
RESIDENT ALIEN MUST FILE AN INCOME TAX RETURN IS AS
FOLLOWS FOR THE YEAR 1977:

SINGLE - UNDER 65 - DOLS 2,950

SINGLE - 65 OR OVER - DOLS 3,700
MARRIED - FILING JOINTLY - DOLS 4,700
MARRIED - FILING JOINTLY (ONE SPOUSE 65 OR OVER) -
DOLS 5,450
MARRIED - FILING JOINTLY (BOTH SPOUSES 65 OR OVER) -
DOLS 6,200
MARRIED - FILING SEPARATELY - DOLS 750
DEPENDENT TAXPAYER WITH UNEARNED INCOME - DOLS 750
PERSONS WITH INCOME FROM U.S. POSSESSIONS - DOLS 750
SURVIVING SPOUSE - DOLS 3,950

(2) GROSS INCOME MEANS ALL INCOME FROM WHATEVER SOURCE, EXCEPT FOR THOSE ITEMS SPECIFICALLY EXCLUDED BY THE INTERNAL REVENUE CODE. GROSS INCOME WOULD INCLUDE COMPENSATION PAID EITHER IN DOLLARS, DEUTSCHE MARK, OR ANY FOREIGN CURRENCY, AND THE FAIR-MARKET VALUE OF BENEFITS RECEIVED IN KIND. PAYMENTS IN FOREIGN CURRENCY SHOULD BE CONVERTED TO DOLLAR VALUES AT THE RATE EXISTING AT THE TIME OF RECEIPT OF FOREIGN CURRENCY.

(3) UNDER SECTION 911(A) OF THE INTERNAL REVENUE CODE A RECIPIENT OF GROSS INCOME FROM SOURCES OUTSIDE THE U.S. (EXCEPT AMOUNTS PAID BY THE UNITED STATES OR ANY AGENCY THEREOF) MAY EXCLUDE UNDER PRESENT LAW EARNED INCOME UP TO A MAXIMUM OF DOLS 15,000 PER YEAR (DOLS 20,000 IF AN EMPLOYEE OF A QUALIFIED CHARITABLE ORGANIZATION) IF SUCH LIMITED OFFICIAL USE

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RECIPIENT MEETS EITHER OF THE REQUISITE TESTS LISTED BELOW UNDER 4 OR 5.

(4) INDIVIDUALS WHO ARE BONA FIDE RESIDENTS OF A FOREIGN COUNTRY OR COUNTRIES FOR AN UNINTERRUPTED PERIOD THAT INCLUDES AN ENTIRE CALENDAR YEAR ARE ELIGIBLE TO EXCLUDE UP TO DOLS 15,000 OF THEIR EARNED INCOME.

(5) IF AN INDIVIDUAL FAILS TO QUALIFY AS A BONA FIDE RESIDENT, HE/SHE MAY STILL BE ENTITLED TO EXCLUDE A PORTION OF HIS/HER EARNED INCOME UNDER THE PHYSICAL PRESENCE TEST. TO QUALIFY AN INDIVIDUAL MUST BE PRESENT IN A FOREIGN COUNTRY OR COUNTRIES FOR AT LEAST 510 FULL DAYS IN ANY PERIOD OF 18 CONSECUTIVE MONTHS.

(6) AN INDIVIDUAL CLAIMING THE EXCLUSION BENEFITS OF SECTION 911 MUST FILE A FORM 2555, "EXEMPTION OF INCOME EARNED ABROAD" ALONG WITH THE FORM 1040 IF THE CONDITION FOR FILING A RETURN UNDER 1 EXISTS.

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-----055192 271225Z /16

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(7) EITHER THE REVENUE SERVICE AND/OR THE COURTS HAVE
HELD THE FOLLOWING AGENCIES/ORGANIZATIONS TO BE
AGENCIES OR INSTRUMENTALITIES OF THE UNITED STATES AND
THEREFORE COMPENSATION OF EMPLOYEES THEREFROM WAS NOT
EXCLUDABLE UNDER SECTION 911 OF THE INTERNAL REVENUE
CODE.

A. ALL NONAPPROPRIATED FUND ACTIVITIES, INCLUDING
BUT NOT LIMITED TO OFFICERS AND ENLISTED MENS CLUBS,
POST EXCHANGES, ROD AND GUN CLUBS, ETC.

B. COMMISSARIES ESTABLISHED AND OPERATED ABROAD BY
EMPLOYEES OF THE DEPARTMENT OF STATE.

C. U.S. EMPLOYEE ASSOCIATIONS ORGANIZED TO PROVIDE
RECREATIONAL ACTIVITIES AND COMMISSARY BENEFITS TO
EMPLOYEES AND THEIR DEPENDENTS.

D. AIR FORCE CHILD GUIDANCE CENTERS IN GERMANY.

YOUR PUBLICATION OF THE ABOVE SHOULD BE OF BENEFIT TO
YOUR READERS TO WHOM WE BOTH HAVE AN OBLIGATION TO
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PROVIDE SERVICE AND ASSISTANCE. END QUOTE
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Message Attributes

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TAGS: EGEN, AFSP, AREC, AINF, WB, GE
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